

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

In the Matter of:

Ferguson Post Office
Ferguson, Iowa 50078

Docket No. A2012-28

UNITED STATES POSTAL SERVICE
COMMENTS REGARDING APPEAL
(December 15, 2011)

On October 20, 2011, the Postal Regulatory Commission (Commission) received an appeal postmarked October 13, 2011, from Dale Thompson, Mayor, and members of the Ferguson City Council on behalf of the citizens of Ferguson, Iowa (Petitioner), objecting to the discontinuance of the Post Office at Ferguson, Iowa. The appeal was accompanied by a petition signed by 46 customers of the Ferguson Post Office. On October 27, 2011, the Commission issued Order No. 933, its Notice and Order Accepting Appeal and Establishing Procedural Schedule under 39 U.S.C. § 404(d). In accordance with Order No. 933, the Postal Service filed the administrative record with the Commission on November 4, 2011. The Petitioner filed a Form 61 Participant Statement with the Commission in support of the appeal on November 28, 2011.

The appeal received by the Commission on October 20, 2011 raises three main issues: the effect on postal services, the impact upon the Ferguson community, and economic savings. As reflected in the Administrative Record of this proceeding, the Postal Service gave these issues serious consideration. In addition, consistent with the Postal Service's statutory obligations and Commission precedent,¹ the Postal Service

¹ See 39 U.S.C. 404(d)(2)(A).

gave consideration to a number of other issues, including the impact upon postal employees. Accordingly, the determination to discontinue the Ferguson Post Office should be affirmed.

Background

The Final Determination to Close the Ferguson, IA Post Office and Establish Service by Rural Route Service (FD), as well as the Administrative Record, indicate that the Ferguson Post Office provides EAS-11 level service to 66 customers who receive Post Office box delivery, as well as to retail customers, 39.25 hours per week. FD at 2; Item 18, (Form 4920) Post Office Closing or Consolidation Proposal Fact Sheet (“Fact Sheet”), at 1; Item 15, Post Office Survey Sheet, at 1.² The Ferguson postmaster position became vacant when the Postmaster retired on October 1, 2010; an OIC has been installed to operate the office. FD at 2, 7; Item 41, Proposal to Close the Ferguson, IA Post Office and Establish Service by Rural Route Service (Revised) (“Revised Proposal”), at 2, 8. Upon implementation of the Final Determination, the OIC may be reassigned to another office or be separated from the Postal Service when the office is discontinued. FD at 7; Item 15, Post Office Survey Sheet, at 1. The average number of daily retail window transactions at the Ferguson Post Office is 96. Item 10, Window Transaction Survey, at 1.³ Office receipts for the last three years were:

² In these comments, specific items in the Administrative Record are referred to as “Item ____.” The numbers for each Item are listed in the far left column of the “Ferguson Docket” at the beginning of the Administrative Record.

³ An initial survey was conducted in April 2011; see Item 10, Window Transaction Survey, at 1. Based on customer concerns about low numbers, a second survey was conducted in August 2011; see Item 10 at 2. However, the second survey tracked even lower average daily transactions than the initial survey. While Petitioner states that the survey count was low, he offers no basis for this claim. Moreover, it is important to note that the survey is just a snapshot at a point in time. Sometimes, it will reflect normal

\$10,992 (29 revenue units) in FY 2008; \$11,425 (30 revenue units) in FY 2009; and \$11,359 (30 revenue units) in FY 2010. FD at 2; Item 18, Fact Sheet, at 1. The Ferguson Post Office has no meter customers and one permit customer. FD at 8; Item 41, Revised Proposal, at 8; Item 15, Post Office Survey Sheet, at 1.⁴

Upon implementation of the Final Determination, delivery and retail services will be provided by rural route delivery administered by the Marshalltown Post Office, an EAS-21 level office located approximately 10 miles away, which has 400 available Post Office Boxes that are accessible twenty-four hours a day. FD at 2; Item 18, Fact Sheet, at 1.⁵

The Postal Service followed the proper procedures which led to the posting of the FD. All issues raised by the customers of the Ferguson Post Office were considered and properly addressed by the Postal Service. The Postal Service complied with all notice requirements. In addition to the posting of the Proposal and FD, customers received notice through other means. Questionnaires were distributed to delivery customers of the Ferguson Post Office. Questionnaires were also available over the counter for retail customers at Ferguson. FD at 2; Item 20, Questionnaire Instruction Letter from Post Office Review Coordinator to OIC/Postmaster at Ferguson Post Office.

activity, and sometimes it may reflect conditions that may affect business traffic, such as extremes in weather conditions that may suppress the figure, or a large gathering or event is held in a less populated area, that may increase the overall average. In any event, the daily number of transactions is not the sole factor informing this determination; it is merely one of many facts considered.

⁴ While the above documents indicate the Ferguson Post Office has no meter customers or permit mailers, the petitioner's Appeal notes that there is in fact one permit holder using the Post Office. Appeal at 2. However, the permit holder's business address is Marshalltown and can be served by that Post Office going forward. See Appeal at 4, 5.

⁵ The Marshalltown Post Office is not on the list of candidate facilities for discontinuance in the Postal Service's Retail Access Optimization Initiative (RAOI). See PRC Docket No. N2011-1, USPS LR-N2011-1/11 Rev. 1.

A letter from the Manager of Post Office Operations, Hawkeye District, was also made available to postal customers, which advised customers that the Postal Service was evaluating whether the continued operation of the Ferguson Post Office was warranted, and that effective and regular service could be provided through rural route delivery and retail services available at the Gilman Post Office. The letter invited customers to complete and return a customer questionnaire and to express their opinions about the service they were receiving and the effects of a possible change involving rural route delivery. Item 21, Letter to Customers, at 1. The returned customer questionnaires, Optional Comment Forms, and Postal Service response letters appear in the Administrative Record in Item 22. In addition, representatives from the Postal Service were available at the Ferguson Community Center to answer questions and provide information to customers on April 28, 2011.⁶ FD at 2; Item 21, Letter to Customers, at 1; Item 24, Community Meeting Roster; Item 41, Revised Proposal, at 2.⁷ Customers received formal notice through postings at the affected Post Offices. The Proposal was posted with an invitation for public comment at the Ferguson Post Office from May 23, 2011 to July 25, 2011. Item 33, Proposal, at 1, showing round date-stamped cover sheet.⁸ The FD was posted starting on September 15, 2011, as confirmed by the round-dated FD cover sheet that appears in the Administrative Record. Item 49, FD.⁹

⁶ The Postal Service processed this discontinuance action under the former Handbook PO-101, *Postal Service-Operated Retail Facilities Discontinuance Guide*, in effect at the time this process was begun.

⁷ Petitioner claims that elderly residents were unable to attend this public meeting. However, a discontinuance study process affords customers multiple avenues for providing their input: questionnaires, community meeting, written correspondence at any time, and if those opportunities do not suffice, then formal comments on a proposal posted for 60 days provide another means for submission of customer input.

⁸ The Proposal was also posted at the Marshalltown and Gilman Post Offices for this same time period.

In light of the postmaster vacancy, minimal workload, static office revenue,¹⁰ the variety of delivery and retail options (including the convenience of rural delivery and retail service),¹¹ little-to-no projected growth in the area,¹² minimal impact upon the community, and the expected financial savings,¹³ the Postal Service issued the FD.¹⁴ Regular and effective postal services will continue to be provided to the Ferguson community in a cost-effective manner upon implementation of the Final Determination. FD at 2.

Each of the issues raised by the Petitioner is addressed in the paragraphs which follow.

Effect on Postal Services

Consistent with the mandate in 39 U.S.C. § 404(d)(2)(A)(iii) and as addressed throughout the Administrative Record, the Postal Service considered the effect of closing the Ferguson Post Office on postal services provided to Ferguson customers. The closing is premised upon providing regular and effective postal services to Ferguson customers.

The Petitioner raises the issue of the effect on postal services of the Ferguson Post Office's closing, noting the convenience of the Ferguson Post Office and

Item 33, Proposal, at 1A, 1B. A Revised Proposal, providing clarification concerning general delivery, congressional inquiry correspondence, additional customer concerns about change of address and mail forwarding, and postmaster vacancy information at the Ferguson Post Office, was made a part of the Administrative Record when it was filed on November 4, 2011. See Item 41, Revised Proposal, at 2, 3, 8.

⁹ In addition, the Postal Service posted the Final Determination during this same time period in the Marshalltown and Gilman Post Offices. Item 49.

¹⁰ See discussion above at pages 2-3.

¹¹ FD at 2, 6; Item 41, Revised Proposal, at 2, 7.

¹² Item 16, Community Survey Sheet, at 1. The OIC does not expect residential or business growth in Ferguson.

¹³ FD at 6-8; Item 18, Fact Sheet, at 1; Item 41, Revised Proposal, at 7-8.

¹⁴ FD at 2, 8.

requesting its retention. The Postal Service has considered the impact of closing the Ferguson Post Office upon the provision of postal services to Ferguson customers. Upon implementation of the Final Determination, services provided at the Post Office, such as the sale of stamps, envelopes, postal cards and money orders will also be available from the carrier to a roadside mailbox by rural route delivery emanating from the Marshalltown Post Office. FD at 2, 8. Rural route delivery to mailboxes installed on the carrier's line of travel provides access to retail service that is similar to that in post offices, thereby alleviating the need to travel to the Post Office for most transactions. Most transactions do not require meeting the carrier at the mailbox. FD at 2, 4, 6, 8; Item 41, Revised Proposal, at 2-5, 8; Item 23, Postal Service Customer Questionnaire Analysis, at 1-2. Rural carriers can provide customers with the form to order stamps and money orders. Customers mark their stamp selection on the form and enclose a check, money order or cash, place it in their mailbox and raise the flag. The carrier will collect mail when serving the route. Customers can also purchase stamps over the telephone by calling a toll-free number. FD at 4; see *a/so* Item 28, Postal Service responses to Congressional inquiries, at 8-9.

In addition, carrier service is beneficial to many senior citizens and customers who face special challenges because the carrier can provide delivery and retail services to roadside mailboxes. Customers do not have to make a special trip to the post office for service. FD at 4-6, 8; Item 41, Revised Proposal at 3-5; Item 23, Postal Service Customer Questionnaire Analysis, at 1-2. Special provisions can be made for hardship cases or special customer needs. To request an exception for hardship delivery,

customers may contact the administrative postmaster at Marshalltown Post Office for more information, and any request for a change in delivery method must be submitted in writing to the administrative postmaster at Marshalltown. Changes in the type of delivery are considered where service by existing methods would impose an extreme physical hardship for an individual customer. FD at 5; Item 41, Revised Proposal, at 5.

The effect of the closing of the Ferguson Post Office on the shipping of packages and the efficiency and timeliness of rural route service was also considered by the Postal Service. Rural carriers will accept any letters or packages up to 13 ounces for mailing. The customer should raise the flag on the mailbox to alert the carrier to collect outgoing mail from the mailbox. For carrier pick-up of packages, customers can contact the Marshalltown Post Office, letting the carrier know that a package is available for pick up. The carrier can deviate from the line of travel in order to receive packages. The rural carrier will accept letters, flats or packages for mailing. The carrier will estimate the cost and provide a receipt for any money received. On the following delivery day, the carrier will provide change or a bill for the amount over the estimate. FD at 3-4; Item 41, Revised Proposal, at 2-4. Rural carriers will deliver packages that fit into the rural mailbox. The rural carrier can bring accountable mail and packages that require signature to the customer's door for signature. FD at 3-4; Item 41, Revised Proposal, at 2-4; Item 25, Postal Service Customer Community Meeting Analysis, at 1-3.

Various options exist for the shipping of packages and purchase of stamps and shipping labels. These features are explained on www.usps.com. If internet access is available, customers can request free package pickup at www.usps.com, which allows

for scheduling the pickup of packages at the same time the carrier delivers the mail.

Item 28, Postal Service Responses to Congressional inquiries, at 9.

Although carriers strive to provide service at approximately the same time on a daily basis, mail volumes and weather conditions often affect delivery times. The Postal Service carefully considers the volume of mail for each route to ensure the delivery of the greatest amount of mail at the earliest possible hour. FD at 2; Item 41, Revised Proposal, at 2-3. A customer's location on a carrier's line of travel determines the time of day mail is delivered. This precludes providing early delivery of mail to every customer because no matter how the Postal Service structures a route, somebody must be last. FD at 3; Item 41, Revised Proposal, at 3. Customers who desire special services from the rural carrier can leave a note in the mailbox instructing the carrier to sound his horn, and then meet the carrier to receive services. FD at 2; Item 41, Revised Proposal, at 2.

Customers may elect to receive Post Office Box service from the Marshalltown Post Office, located 10 miles away, and are not required to erect rural mailboxes. FD at 6.

The Petitioner and others also express concern about the security of the mail delivered to rural mailboxes. A questionnaire was sent to the Postal Inspection Service and local law enforcement concerning mail theft and vandalism at the Ferguson Post Office; responses received indicated there was none. Item 14, Inspection Service/local law enforcement vandalism reports, at 1-2. The Postal Service advised that customers concerned about mail theft may place a lock on their mailboxes. The Postal Service

does not open mailboxes that are locked and does not accept keys for this purpose. The mailbox must have a slot large enough to accommodate the customer's normal daily mail volume. FD at 3; Item 41, Revised Proposal, at 3; Item 23, Customer Questionnaire Analysis, at 1.

Thus, the Postal Service has properly concluded that all Ferguson customers will continue to receive regular and effective service via rural route delivery to mailboxes installed on the carrier's line of travel. Most transactions do not require meeting the carrier at the mailbox. Stamps by Mail and Money Order Application forms are available for customer convenience. FD at 2, 4; Item 41, Revised Proposal, at 2, 4; Item 22, Returned Customer Questionnaires and Postal Service Response Letters, at 52.

Effect Upon the Ferguson Community

The Postal Service is obligated to consider the effect of its decision to close the Ferguson Post Office upon the Ferguson community. 39 U.S.C. § 404(d)(2)(A)(i). While the primary purpose of the Postal Service is to provide postal services, the statute recognizes the substantial role in community affairs often played by local Post Offices, and requires consideration of that role whenever the Postal Service proposes to close or consolidate a Post Office.

Ferguson is an incorporated community located in Marshall County, Ohio. The community is administered politically by a Mayor and City Council. Police protection is provided by the Marshall County Sheriff. Fire protection is provided by the Ferguson Volunteer Fire Department. There are several businesses and churches located in the Ferguson community. The community is comprised of mostly retirees, some

commuters, those who work in local businesses, and those who commute to work at nearby communities. FD at 6; Item 41, Revised Proposal, at 8; Item 16, Community Survey Sheet, at 1; Item 7, Post Office and Community Photos, at 1. The grade school is located in East Marshall Legrond, and the overwhelming majority of customers who returned questionnaires to the Postal Service indicated that they travel outside Ferguson for supplies and services. Item 22, Returned Customer Questionnaires.

The Petitioner's letter of appeal, and comments written on the returned customer questionnaires, raise the issue of the effect of the closing of the Ferguson Post Office upon the Ferguson community. This issue was extensively considered by the Postal Service, as reflected in the Administrative Record. FD at 6, 8; Item 41, Revised Proposal, at 3, 7-8. A community's identity derives from the interest and vitality of its residents and their use of its name, and the record makes clear that the Postal Service is addressing this concern through preservation of community identity by continuing the use of the Ferguson name and ZIP code in addresses. FD at 6; Item 41, Revised Proposal, at 7.

Communities generally require regular and effective postal services and these will continue to be provided to the Ferguson community. The proposed alternate delivery service will meet the mailing and service needs in an effective matter. FD at 6, 8.¹⁵ There is no indication that the business community will be adversely affected by the closing of the Ferguson Post Office. The OIC does not expect residential or

¹⁵ Petitioner raises concerns about the sanctity and security of the mail, and inconveniences in purchasing stamps and money orders and sending accountable mail, were the Ferguson Post Office to close. The Postal Service has addressed these concerns, as indicated in the Administrative Record. See FD at 3, 4; Item 41, Revised Proposal, at 3, 4.

business growth in Ferguson. Item 16, Community Survey Sheet, at 1. Carrier services will be able to meet the needs of the business community and accommodate future growth. Most new businesses moving to a community do not depend on the location of a Post Office, but instead on the Postal Service providing effective and regular postal services, which the Postal Service has determined this discontinuance action will accomplish in Ferguson. See FD at 6.

The Postal Service has concluded that nonpostal services provided by the Ferguson Post Office can be provided by the Marshalltown Post Office. Government forms usually provided by the Post Office are also available by contacting local government agencies. FD at 6; Item 41, Revised Proposal, at 7.

The Petitioners also raise issues related to the use of the bulletin board at the Ferguson Post Office as a posting place, noting that, contrary to earlier Postal Service statements, there is no City Hall in the town that could be used as an alternative for public postings. However, photographs taken by the Postal Service, as part of its development of the Administrative Record in this matter, indicate that the Ferguson community has other facilities which could be used for this purpose: the Ferguson Volunteer Fire Department and the Ferguson Community Center. Item 7, Post Office and community photos, at 1. In addition, Petitioners state that Ferguson contains at least two other posting places established by local ordinance. Petition for Review at 2.

Thus, the Postal Service has met its burden, as set forth in 39 U.S.C.

§ 404(d)(2)(A)(i), by considering the effect of closing the Ferguson Post Office on the community served by the Ferguson Post Office.¹⁶

Economic Savings

Postal officials also properly considered the economic savings that would result from the proposed closing, as provided under 39 U.S.C. § 404(d)(2)(A)(iv). The Postal Service estimates that rural route carrier service would cost the Postal Service substantially less than maintaining the Ferguson Post Office and would still provide regular and effective service. FD at 7, 8; Item 41, Revised Proposal, at 8; Item 21, Cover letter, questionnaires, and enclosures, at 1. Adding rural route service would involve an estimated annual cost of around \$8,200. FD at 7; Item 41, Revised Proposal, at 8; Item 17, Alternate service options/cost analysis, at 2. The estimated annual savings associated with discontinuing the Ferguson Post Office are \$42,209. FD at 7; Item 41, Revised Proposal, at 8.

Petitioner contends that the Postal Service's savings estimates are incorrect because a career Postmaster salary was used in the calculation, in lieu of the lower income earned by the OIC, who has been operating the Ferguson Post Office for approximately five years. However, the economic savings calculation conducted as a part of a discontinuance study is forward-looking; that the Postal Service may have paid

¹⁶ Petitioner also raises other miscellaneous issues in its Appeal. The city states it has only been given 30 days to appeal the FD, when the initial posting allowed 60 days for response. In fact, the Postal Service has followed the proper procedural arrangement (60-day posting of Proposal; 30-day posting of Final Determination) in accordance with 39 CFR 241.3 and Handbook PO-101. The Postal Service advised customers of these procedural rights and posting periods when it transmitted customer questionnaires. Item 21, Cover letter, questionnaire, and enclosures, at 5. The Appeal also states that Ferguson has requested a downsizing or reduction in hours of the facility; the Postal Service has explained that this is not an available option. See FD at 5, 6; Item 41, Revised Proposal, at 5-6.

less in salary and benefits over past years does not mean that it could count on those savings annually in the future. If the Ferguson Post Office closes, one career slot will be eliminated. If the Post Office is not discontinued, that slot would have been filled with a career employee, and the salary and benefits to be paid would be as shown for a postmaster. Accordingly, it was appropriate to use a career Postmaster's salary in the calculation because the career position would have ultimately been filled if the Ferguson Post Office had not been identified as a candidate for discontinuance. Thus, the Postal Service will save the salary and benefits of a career Postmaster position.

The Postal Service has broad experience with available options. The Postal Service has determined that rural route service is the most appropriate solution for providing regular and effective service to the Ferguson community.

Economic factors are one of several factors that the Postal Service considered, and economic savings have been calculated as required for discontinuance studies, which is noted throughout the Administrative Record, consistent with the mandate in 39 U.S.C. § 404(d)(2)(A)(iv). FD at 7; Item 41, Revised Proposal, at 8.

Petitioner questions the consistency of this discontinuance action with Provisions in Title 39 of the U.S. Code. Pursuant to 39 U.S.C. § 404(d)(2)(A)(iii), the Postal Service in determining whether to close a Post Office must consider whether such closing is consistent with the policy that the Postal Service provide "a maximum degree of effective and regular postal services to rural areas, communities, and small towns where post offices are not self-sustaining." The Postal Service's view is that the "maximum degree" obligation in section 101(b) must be read in the context of related

statutory provisions. It is a directive to recognize that special consideration must be given to the greater likelihood of dependence on postal retail facilities for access to postal products and services in rural communities and small towns; however, this concern must be balanced with Congressional mandates that the Postal Service execute its mission efficiently and economically. See sections 101(a); 403(a), (b)(1) and (b)(3); 404(d)(2) and 3661(a). Here, the Postal Service then analyzed whether a maximum degree of effective and regular postal services to the area and community could be provided with rural delivery service in the absence of the Post Office, and the answer was affirmative.

The Postal Service determined that carrier service is as effective as maintaining the Ferguson postal facility and postmaster position. FD at 6, 8. The Postal Service's estimates are supported by record evidence, in accordance with the Postal Service's statutory obligations. The Postal Service, therefore, has considered the economic savings to the Postal Service resulting from such a closing, consistent with its statutory obligations and Commission precedent. See 39 U.S.C. § 404(d)(2)(A)(iv).

Effect on Employees

As documented in the record, the impact on postal employees is minimal. The Ferguson postmaster retired on October 1, 2010. A non-career PMR has been installed as the temporary officer-in-charge (OIC). Upon implementation of the Final Determination, the OIC may be reassigned to another office or separated from the Postal Service. FD at 7; Item 15, Post Office Survey Sheet, at 1. The record shows that no other employee would be affected by this closing. FD at 7; Item 15, Post Office

Survey Sheet, at 1; Item 41, Revised Proposal, at 8. Therefore, in making the determination, the Postal Service considered the effect of the closing on the employees at the Ferguson Post Office, consistent with its statutory obligations. See 39 U.S.C. § 404(d)(2)(A)(ii).

Conclusion

As reflected throughout the Administrative Record, the Postal Service has followed the proper procedures and carefully considered the effect of closing the Ferguson Post Office on the provision of postal services and on the Ferguson community, as well as the economic savings that would result from the proposed closing, the effect on postal employees, and other factors, consistent with the mandate of 39 U.S.C. § 404(d)(2)(A).

After taking all factors into consideration, the Postal Service determined that the advantages of discontinuance outweigh the disadvantages. In addition, the Postal Service concluded that after the discontinuance, the Postal Service will continue to provide effective and regular service to Ferguson customers. FD at 6, 8. The Postal Service respectfully submits that this conclusion is consistent with and supported by the Administrative Record and is in accord with the policies stated in 39 U.S.C. § 404(d)(2)(A). The Postal Service's decision to close the Ferguson Post Office should, accordingly, be affirmed.

The Postal Service respectfully requests that the determination to close the Ferguson Post Office be affirmed.

Respectfully submitted,

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